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More Equitable Britain–Africa Relations Post-Brexit: Doomed to Fail?

Dirk Kohnert

Abstract: High-flying illusions on the part of the proponents and grim predictions on the part of the sceptics have characterised the controversy around Brexit. The article assesses five key issues at stake for post-Brexit relationships between Britain, the EU, and Africa: market access, foreign direct investment (FDI), aid, security, and the nature of the partnership. The analysis focuses on those sub-Saharan African countries that belong to the Commonwealth, as the British government's vision of a "Global Britain" relies heavily on its reinforced cooperation with Commonwealth nations. The review of potential developments in these different policy fields shows that the expectations of Brexiteers and African politicians alike concerning an enhanced, partnership-like post-Brexit Commonwealth relationship are largely unfounded. Although the post-Brexit United Kingdom will increase African countries' choices regarding preferred trading partners, it remains questionable whether London could offer something new that other global players with increasing interest in Africa, such as China, do not already have on their agenda.

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Keywords: UK, EU, Africa, Brexit, international trade, tariffs, aid, security, partnership

Dirk Kohnert is an economist and was deputy director of the Institute of African Affairs at the GIGA German Institute of Global and Area Studies and editor of *Africa Spectrum* from 1991 to 2009. He retired in 2011 but continues to work as a consultant. He was previously a lecturer in development planning and a senior development expert on several African countries. He has published numerous books and articles in academic journals on economic, social and cultural development as well as planning and evaluation.
E-mail: <dirk-k-iak@web.de>

Introduction

The controversial discussion about the potential impact of the Brexit – that is, the impending withdrawal of the United Kingdom (UK) from the European Union (EU) by the end of March 2019 – on Africa has been characterised by high-flying illusions on the part of the proponents and grim predictions on the part of the sceptics. Two years ago, shortly after the Brexit vote of June 2016, Ansorg and Haastrup (2016) published an excellent overview of the major issues at stake for Africa, which was then complemented by an in-depth study on the impact of Brexit on African Commonwealth states in October of the same year (Langan 2016). Since then, additional studies have completed and updated this picture, including a comprehensive recent report from the European Centre for Development Policy Management (Bilal and Woolfrey 2018). The following analysis summarises and reassesses these studies in light of new developments. In view of the still highly controversial Brexit policy and the fact that neither a hard "no-deal" Brexit nor a second referendum can be ruled out (Bellamy 2018; Kettle 2018), some of the conclusions presented necessarily remain tentative.

Brexit: Principal Issues at Stake for Africa

Remarkably different perspectives on the potential impact of Brexit on Africa have shaped the current scholarly debate (Bilal and Woolfrey 2018). Brexit could bring about increased ambiguity and resilience, but it could also generate new opportunities and investment for Africa. But what exactly are the issues at stake for Africa? In the following, I focus on five issues that could arguably have the greatest impact on sustainable cooperation between both the UK and Africa and the EU and Africa: market access, foreign direct investment (FDI), aid, security, and partnership. This review of potential developments and challenges focuses on the 19 Commonwealth states of sub-Saharan Africa – which include heavyweights such as South Africa, Nigeria, Kenya, Egypt, and Ghana – because the British government's vision of a "Global Britain" relies heavily on reinforced cooperation with Commonwealth nations.

Better Access to Markets for Africa?

For most African Commonwealth countries, Britain has been by far the biggest market for their exports. According to the British Parliament, the

liberalised post-Brexit trade policy should enhance the sales prospects of African economies (RAS-APPG 2017).

It is possible that the majority of the Anglophone state governments will try to renegotiate or even pull out of disputed trade agreements with the EU following Brexit. Tanzania, for example, has already discarded a proposed economic partnership agreement (EPA) between Brussels and the East African Community (EAC) countries, citing the "turmoil" engulfing the EU following the Brexit vote and the skewed terms of the agreement (Gutteridge 2016). The government in Dar es Salaam indicated in February 2017 that it would not sign the EAC-EPA until it has conducted an in-depth analysis of the prevailing circumstances, particularly with regard to issues such as Brexit (Gutteridge 2016).

The government in London currently claims that it will protect nascent African industries with its post-Brexit trade policy, which is supposed to stand in stark contrast to the EU's EPAs (RAS-APPG 2017). However, in the case of a hard or "no-deal" Brexit, African countries will no longer have preferential access to the UK if London does not succeed in negotiating new bilateral agreements with African governments in advance. In view of the limited time left before March 2019, this appears unlikely. The exclusion from preferential access to the UK holds not just for signatories of the EPAs, but also for participants in the EU free trade agreement and the EU general system of preferences, including the duty-free, quota-free market access under the Everything But Arms initiative. Major adverse consequences are predicted for countries such as South Africa, Nigeria, Egypt, Kenya, and Mauritius, as the UK accounts for approximately 25 to 30 per cent of their exports to the EU. These impacts will be intensified in the event of a – likely – recession in the UK as a consequence of Brexit (Bilal 2016; Ansorg and Haastrup 2016). Moreover, within the remaining EU, the African Commonwealth countries will lose the UK as an intermediary and advocate. This could result in a stronger Francophone and Lusophone bias in the EU's Africa trade relations at the expense of the African Commonwealth (Bishop and Clegg 2018: 5). The EU, on the other hand, is unlikely to renegotiate EPAs in the near future in order to adapt them to Brexit. Last but not least, it is doubtful that the UK on its own could compete more successfully with other trade interests, such as China and India, than within the EU partnership in the global run for Africa's resources.

More Foreign Direct Investment at the Expense of the African Poor?

On the occasion of the G20 summit in Hamburg in July 2017, British prime minister Theresa May announced sweeping post-Brexit programmes to reduce African countries' reliance on aid (Little 2018). London envisaged increasing Africa's long-term prosperity via combined trade-enhancing programmes such as "aid for trade" (OECD 2017), financial instruments (see section 4), and the promotion of FDI in Africa (UK Government 2017).

The amount of UK investment in Africa, which more than doubled between 2005 and 2014 from GBP 20.8 billion to GBP 42.5 billion, was meant to be enhanced by Brexit. South Africa will most likely remain the largest recipient of UK FDI (Vines 2018: 122–123). It already accounted for 29.8 per cent of total UK (outward) FDI in Africa in 2014 (Hardie 2016). Industry, mining, and financial services have been the main industrial sectors receiving British FDI, with the first two accounting for 54.4 per cent and 34.3 per cent of total UK FDI into Africa in 2014, respectively (Hardie 2016). However, a British accounting firm expects post-Brexit FDI to decline rather than increase (Vines 2018: 123).

As a complement to increased FDI, Prime Minister Theresa May also announced at the G20 summit in Hamburg that the British government will seek to boost the integration of African countries into global financial markets post-Brexit. Among other things, she promised to contribute GBP 60 million for the construction of a strong and transparent African financial market (UK Government 2017). According to Theresa May's rather elusive announcement, the UK will seek to stimulate financial innovations, to enhance the autonomy of the African banking sector, and to allocate financial resources where they are most needed.

In addition to restoring the role of private financing within the framework of British economic development strategy as a "hallmark of building Global Britain" (DFID 2017), London will aim to use the unique role of the British state for the expansion of financial markets (Price 2018b). Thus, Theresa May offered her African peers a strong partnership with the City of London in order to make the City the financial hub for Africa, among other regions, by channelling private capital to former colonies there and elsewhere.

Increased Aid for Africa?

The British government's perspectives on future aid relationships between the UK and Africa after Brexit are closely entangled with Britain's

trade and financial policy. This applies particularly to London's focus on "aid for trade," "trade, not aid," and private sector development as outlined above. Although Prime Minister Theresa May has on several occasions in 2017 and 2018 reaffirmed the British government's commitment to spend 0.7 per cent of gross national income (GNI) on aid (enshrined in law in 2015, see Heppell, Crines, and Jeffery 2017), it is likely that Brexit could result in a decrease in UK aid for Africa, for the following reasons.

First, reinforced by revelations of scandals within Oxfam and other development NGOs, British anti-aid sentiment has grown in recent years, with the alleged ineffectiveness and mismanagement of aid raised as critiques. Moreover, the divorce from the EU will deprive the UK of substantial multiplier effects in relation to aid (Price 2018a). In fact, the government in London already stated in 2013 that the collective EU aid provisions enable the "reach and magnitude of EU financial instruments" – which include the European Development Fund (EDF), the EU's main instrument for providing development aid to the African, Caribbean and Pacific Group of States (ACP) – to "outweigh those the UK could bring to bear bilaterally" (UK Government 2013, quoted in Price 2018a: 3). This has allowed the UK to focus "scarce national resources on priorities elsewhere" in times of austerity (UK Government 2013, quoted in Price 2018a: 3). Thus, the British government apparently saw the EU as a catalyst for enhancing its own aid. Deprived of this, Britain's willingness to fulfil its aid pledges could decrease significantly.

Another reason for diminishing aid could be a possible devaluation of the pound sterling, with a corresponding negative impact on the value of British aid in Africa and elsewhere. This could be aggravated by a likely fall in British GNI as a direct or indirect result of Brexit. In view of the UK's relatively poor growth forecasts, this raises questions about London's ability to meet its aid commitments (Bishop and Clegg 2018: 5). In addition, the British government could be tempted to reallocate scarce resources to domestic spending in response to pressure from populist politicians (Ansorg and Haastrup 2016; Price 2018a). Finally, London could focus on bilateral partnerships at the expense of its contributions to the multilateral development cooperation efforts of the UN, including the United Nations Development Programme; the United Nations Children's Fund; the United Nations Volunteers; the World Health Organization; the United Nations Environment Programme; the World Bank, including the International Development Association; the International Monetary Fund; and the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Such a downward spiral could be aggravated by a

reduction in overall EU development assistance, given the prominent role of the UK as one of the major contributors to the EU's aid budget and the advocator of the 0.7 per cent aid target within the EU (Ansorg and Haastrup 2016).

Enhanced Security for Africa?

The EU is still the main contributor to the African Peace and Security Architecture (APSA) and the African Peace Facility (APF) (Ansorg and Haastrup 2016). The APF is the main channel for EU support for the African Union's and African Regional Economic Communities' efforts in the area of peace and security, with an overall amount of more than EUR 2.7 billion provided since 2004 (EC 2018). The Peace Fund is intended to provide the necessary financial resources for the operationalisation of APSA, and comprised a total of USD 25 million in 2017. By means of this facility, Britain, which contributed just 3 per cent bilaterally to APSA in 2014, was also able to contribute continentally rather than just bilaterally to African peace and security initiatives, using the multiplier effect of the EU's 75 per cent APSA funding in its own interest (Nathan et al. 2015). Thus, British bilateral funding was far less than the German bilateral funding, which was four times as great (12 per cent of total bilateral funding of APSA).

The British government has repeatedly claimed that its defence expenditures are the largest in the EU, that it has the largest defence industry, and that it has contributed to most of the operations and missions of the EU Common Security and Defence Policy (CSDP) (Duke 2018: 44). However, London has apparently exaggerated its input deliberately in order to enhance its bargaining position for a new post-Brexit security partnership with the EU, which would include the issues of defence, cybersecurity, and external migration (Duke 2018: 44–45). Britain provided just 2.3 per cent of the cost of all CSDP missions, or 4.3 per cent of those operations to which it contributed, according to data from the European University Institute (Duke 2018: 44–45). This is considerably less, for example, than France, Spain, or Italy's contributions to civilian and military operations. Moreover, the UK did not contribute to most missions in Africa, apart from the mission at the Horn of Africa intended to secure the seaways from Europe to Asia. Instead, France assumed the lead in nearly all of these missions.

A Partnership of Equals or Collective Clientelism?

Some Brexiteers and African politicians have expressed their hope for a golden era with a rediscovered but deeper and more partnership-like post-Brexit Commonwealth relationship. African governments envisage using their negotiating advantage as in-demand partners to press for more protection of their domestic markets and infant industries (Westcott 2018). This strategy might work in areas where British products and services do not compete with African markets. However, it is questionable whether the UK will allow for less rigid tariff-rate quotas and non-tariff barriers to trade, more flexible rules of origin, or greater protection against British service exports if the British industry could be affected negatively. Moreover, a more liberal attitude on Britain's part concerning imports from Africa – for example, with regard to quotas and other non-tariff barriers – could increase the cost of future trade agreements between the UK and the EU, especially if London has to leave the EU customs union. Although Britain is proud of its strong bilateral relations with the Commonwealth network, these relations, especially with the most important African players, South Africa, Nigeria, Ghana, and Kenya, have been not without tensions – for example, concerning brain drain from the former British colonies to the UK.[1] Last but not least, it is unlikely that new and better deals between both Britain and Africa and the EU and Africa as a consequence of Brexit will materialise soon; the UK and the EU will first focus on their most important global partners and competitors when reassessing their international relationships and partnerships (Westcott 2018).

Under these conditions, a partnership of equals between the UK and Africa and a win-win situation for both sides is unlikely. Moreover, Brexit will not only challenge European integration but will also put African regional integration efforts at risk (Ansorg and Haastrup 2016; Henökl 2017: 70). African regional trade is characterised by overlaps between regional organisations with competing agendas. The EU's past experiences with negotiating the EPAs have proven that it is an extremely difficult task to consolidate incomplete African regional projects. It is doubtful whether London will be more successful in this respect. However, if London replicates the existing patchwork of EPAs and other EU trade arrangements across Africa instead of pushing for a continent-wide solution, this will likely add to existing barriers to intra-continental free

1 In 2015, for example, the UK was the biggest recipient of South African skills, taking in over 18,500 skilled South Africans, according to a 2015 report by InterNations Expat Insider (*BusinessTech* 2016).

trade (Murray-Evans 2017). The same applies to relations with the newly created African Continental Free Trade Area initiative (Ezeani 2018). The best available strategy for most African least developed countries, especially the smaller ones, will probably be one of patronage or "collective clientelism" (Ravenhill 1985: 3, 43; Price 2018a, who applies this concept) – that is, making concessions on non-trade-related issues, such as voting behaviour in the UN or other non-comparable assets, in exchange for better market access and protection. Thus, the governments, especially of small African states, may fall back on the traditional seesaw policies they used with success to outwit global players during the Cold War.

Outlook: What Next?

On 28 August 2018, Prime Minister Theresa May started her first three-day visit to Africa in order to build up new trade relations with key nations ahead of Brexit. On her tour of South Africa, Nigeria, and Kenya, she emphasised the enormous opportunities presented by Britain's post-Brexit policy. She presented ambitious plans that would allegedly deliver a major Brexit boost for British firms and investors and promised to turn Britain into a truly global nation doing business around the world in economies with massive and growing potential. On the second day of the tour, during her visits to Nigeria, she unveiled a proposal to create the first UK–Africa FinTech Partnership in Lagos.

At first glance, these developments appear to support optimism about post-Brexit relations between the UK and African Commonwealth nations. In view of China's long-standing and successful Africa offensive, however, it remains questionable whether London can offer something that other countries with increasing interest in Africa do not already have on their agenda. African leaders are in the comfortable position of being able to choose: enhanced cooperation with China, the huge EU bloc, the potential riches of the US, or the historically linked UK. Possibly, the Africans will play one partner off against the other, choosing the best for their clientele. In doing so, they will be well aware of the relative importance of each trading partner, a consideration which would not necessarily favour the UK given the strong bargaining position of the major competitors. In 2015, total trade (imports and exports combined) between Africa and the UK amounted to USD 36 billion (GBP 28 billion), but EU–Africa trade amounted to USD 305 billion and China–Africa trade to USD 188 billion (Madowo 2018). Despite its historical ties with many countries on the continent, the UK may therefore not be African

nations' first choice given its competitive disadvantage in terms of trade volume.

Time is running out for the United Kingdom. London has just started to introduce legislation meant to ensure that African businesses will be able to access the UK market on the same terms as they currently do under the diverse trading regimes (Madowo 2018).

Finally, the issue of migration, which is inseparably intertwined with the Brexit vote, will not disappear with Britain's exit from the EU. Rebuilding economic incentives around mutual interests and reciprocity, within the framework of a humane form of globalisation, will be one of the big themes of future post-Brexit relations between Britain, the EU, and Africa (Collier 2018; Baldwin, Collier, and Venables 2017).

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Gleichwertigere England-Afrika Beziehungen Post-Brexit: Zum Scheitern verurteilt?

Zusammenfassung: Hochfliegende Illusionen der Befürworter und grimmige Vorhersagen der Skeptiker haben die Kontroverse um den Brexit geprägt. Der Artikel untersucht fünf Themenfelder, die für Beziehungen nach dem Brexit zwischen Großbritannien, der EU und Afrika eine zentrale Rolle spielen werden: Marktzugang, ausländische Direktinvestitionen, Entwicklungszusammenarbeit, Sicherheit und die Art der Partnerschaft. Die Analyse konzentriert sich auf jene Länder südlich der Sahara, die zum Commonwealth gehören, da die Vision der britischen Regierung eines „Global Britain" auf eine stärkere Kooperation mit diesen Commonwealth-Staaten abzielt. Die Analyse möglicher Entwicklungen in den verschiedenen Politikbereichen zeigt, dass die Erwartungen von Brexiteers und afrikanischen Politikern hinsichtlich einer stärker partnerschaftlichen Beziehung nach dem Brexit weitgehend unbegründet sind. So bleibt fraglich, ob London den afrikanischen Partnern etwas anbieten kann, dass andere Länder mit wachsendem Interesse an Afrika wie China nicht bereits auf ihrer Agenda haben.

Schlagwörter: Großbritannien, Brexit, EU, Afrika, internationaler Handel, Zölle, Entwicklungshilfe, Sicherheit, Partnerschaft